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इस भाग में भिन्न पृष्ठ संलग्न दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on 28th March, 1977:—

BILL NO. 1 OF 1977

A Bill to continue for the financial year 1977-78 the existing rates of income-tax with certain modifications and to provide for the continuance of the provisions relating to auxiliary duties of customs and excise and the discontinuance of the duty on salt for the said year.

Be it enacted by Parliament in the Twenty-eighth Year of the Republic of India as follows:—

1. (1) This Act may be called the Finance Act, 1977.

(2) Save as otherwise provided in this Act, it shall be deemed to have come into force on the 1st day of April, 1977.

2. The provisions of section 2 of, and the First Schedule to, the Finance Act, 1976, shall apply in relation to income-tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1977, as they apply in relation to income-tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1976, with the following modifications, namely:—

(a) in section 2,—

(i) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) Subject to the provisions of sub-sections (2) and (4), for the assessment year commencing on the 1st day of

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April, 1977, income-tax shall be charged at the rates specified in Part I of the First Schedule and shall be increased,—

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein:

Provided that where an assessee, being a company, has made, during the financial year commencing on the 1st day of April, 1976, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 under the Companies Deposits (Surcharge on Income-tax) Scheme, 1976, then, the surcharge on income-tax payable by the company,—
18 of 1964

(a) in a case where the amount of the deposit so made is equal to or exceeds the amount of surcharge on income-tax payable by it, shall be *nil*; and

(b) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.”;

(ii) sub-section (3) shall be omitted;

(iii) for sub-section (8), the following sub-section shall be substituted, namely:—

“(8) Where an assessee, being a company, makes, during the financial year commencing on the 1st day of April, 1977, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 under any such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, then, the surcharge on income-tax payable by the company for the assessment year commencing on the 1st day of April, 1978.—
18 of 1964.

(i) in a case where the amount of the deposit so made is equal to or exceeds the amount of surcharge on income-tax payable by it, shall be *nil*; and

(ii) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.”;

(iv) in sub-section (9), in clause (b), for the figures “1976”, the figures “1977” shall be substituted;

(b) in the First Schedule,—

(i) in Part I,—

(1) for Paragraph A, the following Paragraph shall be substituted, namely:—

*"Paragraph A
Sub-Paragraph I"*

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income *Nil*; does not exceed Rs. 8,000

(2) where the total income 15 per cent. of the amount by which the total exceeds Rs. 8,000 but does not income exceeds Rs. 8,000; exceed Rs. 15,000

(3) where the total income Rs. 1,050 *plus* 18 per cent. of the amount by exceeds Rs. 15,000 but does not which the total income exceeds Rs. 15,000; exceed Rs. 20,000

(4) where the total income Rs. 1,950 *plus* 25 per cent. of the amount by exceeds Rs. 20,000 but does not which the total income exceeds Rs. 20,000; exceed Rs. 25,000

(5) where the total income Rs. 3,200 *plus* 30 per cent. of the amount by exceeds Rs. 25,000 but does not which the total income exceeds Rs. 25,000; exceed Rs. 30,000

(6) where the total income Rs. 4,700 *plus* 40 per cent. of the amount by exceeds Rs. 30,000 but does not which the total income exceeds Rs. 30,000; exceed Rs. 50,000

(7) where the total income Rs. 12,700 *plus* 50 per cent. of the amount by exceeds Rs. 50,000 but does not which the total income exceeds Rs. 50,000; exceed Rs. 70,000

(8) where the total income Rs. 22,700 *plus* 55 per cent. of the amount by exceeds Rs. 70,000 but does not which the total income exceeds Rs. 70,000; exceed Rs. 1,00,000

(9) where the total income Rs. 39,200 *plus* 60 per cent. of the amount by exceeds Rs. 1,00,000 which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1977 exceeds Rs. 8,000,—

Rates of income-tax

- (1) where the total income *Nil*; does not exceed Rs. 8,000
- (2) where the total income *18 per cent. of the amount by which the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000*
- (3) where the total income *Rs. 1,260 plus 25 per cent. of the amount by which the total income exceeds Rs. 15,000; exceeds Rs. 15,000 but does not exceed Rs. 20,000*
- (4) where the total income *Rs. 2,510 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000; exceeds Rs. 20,000 but does not exceed Rs. 25,000*
- (5) where the total income *Rs. 4,010 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000; exceeds Rs. 25,000 but does not exceed Rs. 30,000*
- (6) where the total income *Rs. 6,010 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000; exceeds Rs. 30,000 but does not exceed Rs. 50,000*
- (7) where the total income *Rs. 16,010 plus 55 per cent. of the amount by which the total income exceeds Rs. 50,000, exceeds Rs. 50,000 but does not exceed Rs. 70,000*
- (8) where the total income *Rs. 27,010 plus 60 per cent. of the amount by which the total income exceeds Rs. 70,000. exceeds Rs. 70,000*

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.”;

- (2) *Paragraph E shall be omitted;*

(3) *Paragraph F* shall be re-lettered as *Paragraph E* and in *Paragraph E* as so re-lettered,—

31 of 1956

(A) the words and figures “, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956” shall be omitted;

(B) for the words, figures and letters “after the 31st day of March, 1961, or”, the words, figures and letters “after the 31st day of March, 1961 but before the 1st day of April, 1976, or” shall be substituted;

(C) for the words, figures and letters “after the 29th day of February, 1964”, the words, figures and letters “after the 29th day of February, 1964 but before the 1st day of April, 1976,” shall be substituted;

(ii) in Part III, in *Sub-Paragraph II of Paragraph A*, for the figures “1977”, the figures “1978” shall be substituted;

(iii) in Part IV, in rule 9,—

(a) for sub-rules (1) and (2), the following sub-rules shall be substituted, namely:—

(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1977, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974 or the 1st day of April, 1975 or the 1st day of April, 1976, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975 or the 1st day of April, 1976,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, and

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1977.

Explanation.—In this sub-rule and sub-rule (2), the expression “section 2 of this Act” means section 2 of the Finance Act, 1976, as applied for the purposes of this ~~66 of 1976~~ Act.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974 or the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977, is a loss, then, for the purposes of sub-section (7) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976 or the 1st day of April, 1977,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, and

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or the period aforesaid.;

(b) for sub-rule (5), the following sub-rule shall be substituted, namely:—

“(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules, or

20 of 1974.
25 of 1975.
66 of 1976.

the rules contained in Part IV of the First Schedule to the Finance Act, 1974, or of the First Schedule to the Finance Act, 1975, or of the First Schedule to the Finance Act, 1976, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).".

51 of 1975. 3. (1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), or in that Schedule as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to twenty per cent of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act).

10 of 1897 (2) Sub-section (1) shall come into force on the 1st day of July, 1977 and cease to have effect after the 31st day of March, 1978, except as respects things done or omitted to be done before such cesser, and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

1 of 1944 4 (1) In the case of goods mentioned in the First Schedule to the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), or in that Schedule as amended from time to time, there shall be levied and collected as an auxiliary duty of excise an amount equal to twenty per cent. of the value of the goods as determined in accordance with the provisions of section 4 of the Central Excises Act

10 of 1897 (2) Sub-section (1) shall come into force on the 1st day of July, 1977 and cease to have effect after the 31st day of March, 1978, except as respects things done or omitted to be done before such cesser, and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The auxiliary duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

5 For the year beginning on the 1st day of April, 1977, no duty under the Central Excises Act or the Customs Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

Auxiliary
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customs.

Auxiliary
duties of
excise.

Discon-
tinuance
of salt
duty.

STATEMENT OF OBJECTS AND REASONS

The object of this short Bill is to continue the existing tax structure for the financial year 1977-78, subject to certain modifications in relation to income-tax, and also to continue for that financial year the provisions enabling companies to make deposits with the Industrial Development Bank of India in lieu of payment of surcharge on income-tax.

2 Clause 2 of the Bill deals with income-tax. The rates of income-tax and surcharge which were specified in Part III of the First Schedule to the Finance Act, 1976, for the purpose of deduction of tax at source from salaries during the financial year 1976-77, for computing the "advance tax" payable during that financial year in relation to current incomes and for certain special purposes, are proposed to be continued for the purpose of assessments for the assessment year 1977-78. Further, the same rates are proposed to be continued also for the purpose of deduction of tax at source from salaries during the financial year 1977-78, for computing the "advance tax" payable during that financial year on current incomes, and also for the said special purposes.

Under the provisions of the Finance Act, 1976, the net agricultural income (as computed in accordance with the rules contained in Part IV of the First Schedule to that Act) in the case of individuals, Hindu undivided families, etc. is taken into account for determining the rates of income-tax applicable to their non-agricultural income. These provisions are proposed to be continued for the purposes of determining the rates of income-tax applicable to the non-agricultural income for the assessment year 1977-78, as also for computation of the "advance tax" and charging of income-tax on current incomes in cases where accelerated assessments are required to be made during the financial year 1977-78. The rules relating to computation of net agricultural income are proposed to be modified to secure that the unabsorbed loss in agriculture for the previous year relevant to the assessment year 1976-77 is also set off against the agricultural income for the previous year relevant to the assessment year 1977-78 and the unabsorbed loss in respect of the previous year relevant to the assessment year 1977-78 is set off in determining the net agricultural income for the purposes of payment of "advance tax" during the financial year 1977-78.

The rates for deduction of tax at source during the financial year 1976-77 from incomes other than salaries, specified in Part II of the First Schedule to the Finance Act, 1976, are also proposed to be continued for deduction of tax at source from such incomes during the financial year 1977-78.

Clause 2 of the Bill accordingly proposes to apply to the financial year 1977-78 the provisions of section 2 of, and the First Schedule to, the Finance Act, 1976, with consequential and other necessary modifications

3. Clauses 3, 4 and 5 deal with indirect taxes.

Clause 3 seeks to levy up to 31st day of March, 1978, auxiliary duties of customs on all imported goods at the rate of twenty per cent. of their value.

Clause 4 seeks to levy up to 31st day of March, 1978, auxiliary duties of excise on all excisable goods at the rate of twenty per cent of their value.

Clause 5 provides that salt shall be duty free for another year.

NEW DELHI;

The 28th March, 1977.

H. M PATEL

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274
OF THE CONSTITUTION OF INDIA

(Copy of letter No F 3(9)-B(D)/77 dated the 28th March, 1977 from Shri H. M. Patel, Minister of Finance, to the Secretary-General, Lok Sabha).

The Vice-President acting as President, having been informed of the subject matter of the proposed Bill, recommends under article 117(1) and (3) read with article 274(1) of the Constitution of India, the introduction of the Finance Bill, 1977 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th March, 1977.

FINANCIAL MEMORANDUM

As this Bill seeks to continue the existing tax structure for the financial year 1977-78, subject to certain modifications in relation to income-tax, the Bill, if enacted and brought into operation, would not involve any additional expenditure from the Consolidated Fund of India.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Under sub-section (8) of section 2 of the Finance Act, 1976, as proposed to be substituted and applied by clause 2 of the Bill, the Central Government is being empowered to frame, by notification in the Official Gazette, a scheme to enable companies to make, during the financial year commencing on the 1st day of April, 1977, in lieu of payment of surcharge on incometax, deposits with the Industrial Development Bank of India. The scheme will contain details as to the manner of making such deposits, the periods for which such deposits may be made and other connected matters.

2 The delegation of legislative power under the aforementioned provision relates to matters of procedure or administrative detail. Hence, the delegation of legislative power is of a normal character.

S. L. SHAKDHER,
Secretary-General.

